

2010 BUDGET ADDRESS

“Creating A Legacy of Sustainability”



Introduction

1. Mr. Speaker, I move that the Bill shortly entitled, the Appropriation Act 2010, be read a second time and in so doing, I invite this Honourable House to extend its customary indulgence in permitting me to read the Budget Address.

2. Mr. Speaker the past year has been fraught with challenges. The worldwide economy on which we depend suffered a major slowdown that caused many economies in the Caribbean, to experience significant challenges. I am happy to report though, that Government revenues only fell by a very respectable five percent, enabling us to maintain most of our operations at previous levels.

3. Mr. Speaker, I will premise this entire address on one statement; we must become more efficient and effective in advancing the cause of our people. The formula for this Mr. Speaker, though I do not claim to have the entire solution, will comprise in part or in whole three components.

- 1) Benevolent and visionary leadership;
- 2) Trust and support of each other, whether it be between ourselves here in this Honourable House, or between this House and the people we have been elected to serve; and
- 3) A deep and single-minded commitment to participating in this global village in the most effective and efficient manner possible.

These components are essential ingredients to realizing socio-economic success in the Virgin Islands.

The Road Map

1. Mr. Speaker as individual citizens of this Territory we must accept as unacceptable, the notion that we can do whatever we so please, with no accountability or respect for existing structures, systems, and boundaries. It is a fundamental principle of every civilized society that there must be order. Fundamental to this as well is a leadership component, a significant role of which this Honourable House is mandated to fill.

2. Mr. Speaker, the commitment of my colleagues and I, on both sides of the aisle in this Honourable House, to the maintenance and advancement of the people of these islands must be unquestioned if we are to succeed. It must be seen in everything that we do, reflected in our discussions in this Honourable House, and in our interactions on the street. By extension therefore, lively and candid debate is not only healthy, but should be expected if we are to formulate the best solutions for our people. Our different talents and skills make for a very strong cadre of professionals who have sacrificed privacy, careers, and personal gain to serve the people of these islands. We must never forget therefore, our purpose, and should at every turn listen to the people of this Territory in order to affect the initiatives that are to serve in their best interest. Leadership involves the ability to feel the pulse of those for whom you are responsible, making the decisions that are required, and the courage to face the challenges as they present themselves. As leaders we must be prepared to extend ourselves tirelessly in this cause. Our vision must be clear and articulated in understandable and unambiguous language, and even more importantly, it must be a collective vision which can only occur if we not merely hear each other's voices, but listen. We must be steadfast in our resolve to lead if the difficult choices ahead are to be made.

3. Mr. Speaker, the second component that is required is the need for mutual support, respect, and trust. This can only be achieved if we all as individuals adopt and internalize the principles that we are our brother's keeper, that the success of one of us signals a success for

all, and in failure all of us will be affected. It is essential then Mr. Speaker, that in the pursuit of our individual dreams and aspirations we provide and expect the support of each other. A house divided among itself cannot stand Mr. Speaker, and the stakes are too high to allow such an eventuality as an option. Foremost among these are the hopes, dreams, aspirations, quality of life, and future of our people, even unto generations yet unborn. The glue that will hold us together will be mutual trust and respect. I implore my fellow citizens to join me in examining ourselves closely to see where we may have trod on another without being aware; rectify our differences; and to renew our commitment to focus on the challenges with which we are now faced and those that lie ahead.

4. The legacy we leave Mr. Speaker must be one which those that follow us and stand to inherit what we build today, can or will be proud of. The greatest gift we can receive from our fellowmen and successors is gratitude and appreciation for the foundations we have laid. We must operate in an environment of trust and mutual respect if the hard decisions ahead are to be effectively and efficiently executed.

5. Mr. Speaker, we do not live in these islands isolated from the rest of the world. Indeed we are able to enjoy the quality of life we now take for granted as a result of our participation in the global village, through our excellent tourism product, and rigor of our financial services regulatory regime. Our plans therefore, must include strategies to enhance the manner in which we deliver these services. Let there be no mistake Mr. Speaker, our position globally in regard to these two industries is a coveted one, and it is only through constant hard work and improvement that we will maintain and improve our competitiveness.

6. Mr. Speaker you may venture to inquire as to why in an address of this nature I am paying attention to these three things; Leadership, Trust, and Effectiveness. I highlight them Mr. Speaker, because the manner in which we utilize our resources, whether they be financial or otherwise, depends on our behavioural patterns, our priorities, how we relate to

each other, and our understanding of the environment in which we live. It is of paramount importance in this fiscal year, Mr. Speaker, that as a Territory, we appreciate the position in which we find ourselves. We must understand the position with respect to our economic situation, our fiscal realities, and the pivotal position we now occupy in regards to the implications any decision that we take now will have on our ability to navigate the minefields that lie ahead. We must plan carefully, Mr. Speaker, and responsibly, then steadfastly stick to and execute those plans. To seek to move forward in this fiscal year, without the three components of Leadership, Trust, and Effectiveness, would be akin to making bricks without straw. It is our only fundamental principle as an option for success at this point. At the forefront then, must be the Government of the Virgin Islands, first by a demonstration of good example, then by formulating and implementing sound policies.

7. In the years prior to 2006, for some time now and with the exception of one year, the government has been able to build its cash reserves. However since 2006, our expenditures, mostly as a result of unanticipated expenses, have outstripped our revenues and the gap continues to widen. The eventual result, Mr. Speaker, if we do not begin with the basic principles I have previously outlined and assume a heightened stance of frugality, is that we will find ourselves in a position of un-affordability that threatens, even at this point, our ability to maintain the basic operations of Central Government.

Aggregate Budgetary Allocations

1. The budget¹ now before us Mr. Speaker illustrates that operational spending is estimated to be some two hundred and fifty million, five hundred and seventeen thousand dollars, (\$250,517,000) against revenues that are projected to be in the region of two hundred and seventy one million, six hundred and sixty six thousand dollars (\$271,666,000). Mr. Speaker after contributions are made to commitments in the Development Fund, the Pension

¹ Proforma Cashflow Statement attached

BUDGET SPEECH 2010 Creating a Legacy of Sustainability

fund, Reserve Fund, Emergency Disaster fund, Contingencies Fund, and the Repairs and Renewal Fund, we find ourselves with a minimal ability of some eighteen million, one hundred forty nine thousand dollars (\$18,149,000) to fund our development portfolio from local resources.

2. This indicates two things Mr. Speaker; first, that the majority of capital works for this budget cycle may have to be done through debt financing and second, that it is absolutely essential that our *modus operandi*, in respect of operational spending, is thoroughly examined and its cost reduced. We must be focused on doing more with less Mr. Speaker, for in the words of the famous Chinese philosopher, Confucius, “*he who will not economize will have to agonize*”.

3. Mr. Speaker, at the end of 2009 total Revenue collected amounted to two hundred sixty eight million, six hundred seven thousand, five hundred fifty dollars (\$268,607,550), a four percent (4%) decrease from 2008 Revenue which was two hundred seventy eight million, five hundred eighty thousand, one hundred ninety nine dollars (\$278,580,199). Government’s recurrent expenditure amounted to two hundred seventy five million, four hundred eighty six thousand, nine hundred sixty two dollars (\$275,486,962), and a one point six percent (1.6%) reduction from the 2008 level of two hundred eighty million, ninety five thousand, and fifty six dollars (\$280,095,056). This, Mr. Speaker, resulted in an overall deficit for 2009 of six million, eight hundred seventy nine thousand, four hundred and twelve dollars (\$6,879,412).

4. Mr. Speaker, of that two hundred seventy five million, four hundred eighty six thousand, nine hundred sixty two dollars (\$275,486,962) which was spent on recurrent expenditure, almost eleven million dollars (\$11,000,000) was spent on pensions and almost one hundred fifteen million (\$115,000,000) was spent on personnel costs. Forty six percent (46%) of total operating expenditure, Mr. Speaker, was spent on salaries and pensions only. Add to that Departmental Expenses at ninety million, five hundred thousand dollars

(\$90,500,000) and we spent a total of seventy eight percent (78%) of operational expenditure, Mr. Speaker, just to cover salaries, pension, and departmental expenses.

5. Mr. Speaker, by the end of 2010, we expect that total Government debt will be approximately one hundred fifty one million, six hundred ninety five thousand dollars (\$151,695,000). For reference purposes Mr. Speaker, I would like to remind this Honourable House that the Borrowing Guidelines as agreed to with Her Majesty's Government are a maximum of 80% on Net Debt, which is total debt minus liquid assets divided by recurrent revenue, a maximum of 10% on debt servicing, and a minimum of 25% for our reserves. Major efforts will be made to ensure we comply with the HMG Borrowing Guidelines.

6. Mr. Speaker in analyzing our expenditure patterns² in central government, two areas are of note as being fundamental to grappling with the problems with which we are faced. The first of these is the personnel costs which account for an average of some forty six percent (46%) of our operational expenditure. The second is departmental expenses which accounts for an average of some thirty two percent (32%) of this as well. Mr. Speaker, in consideration of the fact that we must address the other obvious, though ancillary, areas such as travel and the size of our vehicle fleet, we must make reductions in the previously mentioned areas if we are to achieve any significant gains in our expenditure levels.

7. Noteworthy as well Mr. Speaker, and a major component of departmental expenses, are grants awarded to Statutory Bodies to fund their operations. I mention this specifically and at this juncture Mr. Speaker, because in moving forward, the efficiency of these entities will have to be addressed as part of the comprehensive solution to our ballooning expenditure. The budget before you Mr. Speaker, is one that has been through several iterations of expenditure cuts in consideration of these basic points, and in order to maintain ourselves in this budget cycle we must diligently follow the road map that it represents.

² Illustration made in Appendices.

Economic Outlook

1. Permit me now Mr. Speaker, to illustrate the environment in which we currently operate. The year 2009 was a tumultuous one for the global economy. Growth rates of major economies were negative or below initial pre-crisis expectations, trade declined, consumer demand plummeted and unemployment skyrocketed. As part of the global village similar negative effects of the financial crisis were experienced here in the Virgin Islands, similar to the upset economy experienced after World War I. The major industries in financial services and tourism have experienced expected declines which not only affected the revenues of central government, but the performance of other industries such as construction, wholesale and retail, and real estate which depend significantly on the robustness of these two sectors of the economy.

2. Mr. Speaker, reduced demand for leisure travel in the face of the global economic crisis has affected tourist arrival numbers in the Virgin Islands. Preliminary summary statistics for 2009 indicated that overall arrivals were down by approximately ten percent (10%) compared to 2008. This downward trend was driven by the decline in overnight tourist arrivals which declined by roughly seventeen percent (17%) in 2009. Cruise tourism on the other hand, was relatively strong during the year when compared to overnight tourism, and arrivals in some months were greater than 2008 figures. With the United States being the largest tourism market for the Virgin Islands, and expectations for further recovery in 2010 and beyond, the tourism industry in the Virgin Islands should recover and may even grow in 2010.

3. Interest in the Yachting Industry continued to grow and in 2009 the number of mega yachts visiting the Territory from Eastern Europe and the United States exceeded the number for 2008. It is apparent that there is opportunity for entrepreneurs to become involved in providing marina and mooring facilities for mega yachts.

BUDGET SPEECH 2010 Creating a Legacy of Sustainability

4. Mr. Speaker, the effects of the global financial crisis has also been experienced in the financial services industry. Incorporation figures up to the third quarter of 2009 were down by approximately thirty two percent (32%) compared to the same period in 2008. Although this was a significant decrease, the overall number of active companies registered in the Virgin Islands still remains in the region of four hundred thousand (400,000). Government incorporation fee revenue therefore has not been heavily impacted since re-registration income remained strong in 2009.

5. Mr. Speaker, as a further indication of how deeply our economy was affected, work permit applications decreased by approximately seven percent (7%) in 2009 with the number of new applications in the same year down by fifty percent (50%).

6. As a consequence of the reduction in demand for goods and services worldwide, most countries have experienced a period of decline in the rate of increase of average prices. The Virgin Islands are no exception. Prices in the Virgin Islands are still on the rise but have increased at a lower rate in 2009 than in 2008. The inflation rate decreased from approximately seven percent (7%) in 2008 to approximately three percent (3%) in 2009. This decrease was mainly associated with drops in the price of gasoline from record highs in 2008 and airline fare costs.

7. Notwithstanding, expectations for the Virgin Islands economy in 2010 are optimistic given the path of recovery for the global economy although forecasts indicate that it will be lethargic. The local economy should experience some relief in terms of improvement in tourism and financial services figures, as consumer confidence in the job and financial markets improve and individuals and corporations increase spending. Inflation should remain low in the not too distant future, however as the US economy recovers, inflationary pressure is expected to increase and this will be felt in the Virgin Islands.

Inside the Budget

1. Mr. Speaker in this year 2010, in addition to ensuring that the necessary actions are being taken to ensure the Territory remains safe, central government solvent, and our economy competitive, we will focus aggressively on a few areas that need special attention.

2. The first of these as alluded to previously Mr. Speaker, is the reduction of waste and high costs associated with the public sector, in concert with significant efforts in revenue enhancements. Mr. Speaker, I will be the first to state that the public sector has hard working and dedicated officers who serve the people of this Territory tirelessly every day and to them on behalf of this Honourable House, and the people of this Territory I express my deepest appreciation and encouragement to persevere in a job well done.

3. Yet, Mr. Speaker, we notice that there are many expenses that we can reduce and processes that can be reengineered to realize a less costly and more efficient institution. The exercise will look at our processes, our expenditure patterns, and our revenue streams. This cost reduction and revenue enhancement initiative, through the actions associated with it, will provide for more financial resources to fund the needs of this Territory. In addition to streamlined systems, it should make for more expeditious, less costly, and more efficient services delivered to the public. Some of these initiatives in the immediate short term involve the increase on the taxation of alcohol and tobacco, a comprehensive review of existing tax and fee legislation rates, including the modification of the payroll tax regime to a progressive one, and the completion of the workforce planning exercise now taking place in the Civil Service, to better inform our training needs and redeployment with a view to increasing productivity.

4. You will also be pleased to note that Cabinet has already begun to commission a Fiscal Review Committee to examine the current tax and fee regime, and consistent with the sentiments expressed in the Foot Report released last year, will advise on ways in which they

can be strengthened and broadened to better reflect the environment in which we operate today. Additionally the findings of the Payroll Tax Committee will be tabled in this house in the coming weeks. Mr. Speaker, as result of these two exercises and in addition to the others mentioned, some tax and fee rates will be reviewed. A genuine attempt will be made in 2010 to reduce the number of public servants. When it is realized that for the fiscal year 2010 approximately ninety five million dollars (\$95,000,000.00)³ is spent in personal emoluments, you can see why there is not enough to spend on development (capital) works.

5. Next Mr. Speaker is the provision of a world class health care system. We have already begun the process of designing and implementing a National Health Insurance Scheme, which will, in conjunction with the work being done to complete our hospital and improvements on the provision of much needed and sound health care services, provide the people of this Territory with enhanced but affordable, high quality health care, in the very near future. We are committed Mr. Speaker, to facilitating the requirements to ensure that our people have long healthy lives. This principle is one of the building blocks for our mantra of realizing higher productivity in our economy.

6. Thirdly Mr. Speaker and not at all removed from the health of our citizens of the Virgin Islands is the matter of sewerage. It is not at all acceptable that the sewerage system in the Road Town and East End/Long Look areas should be expected to cope with the demands now placed on it. The existing system is one that was designed to cope with only a small portion of what it is required to do today, and this coupled with the advent of taller buildings, and a wider area of coverage, mandates that we must do something about this problem sooner rather than later. Mr. Speaker, I have sat in this Honourable House during the term from 1999 to 2003 and heard the cries from the Honourable Members for the Seventh District about the danger the Territory was in because of the lack of a proper

³ This excludes Other Personnel costs such as Pensions and Gratuities, Benefits and Payroll Adjustments.

sewerage system. Attempts were made to remedy the system in Road Town and Long Look/East End but the 2003 election resulted in an oust for the then Government, but we are making an effort to correct the sewerage system now. An agreement was signed with Bi-Water Ltd on 18th February, 2010 and that contract will carry out works on the sewerage system in Road Town and East End/Long Look. Mr. Speaker the work that they will be doing will be incorporated in the charge for the water which is twelve dollars and ninety cents (\$12.90) per 1000 imperial gallons for the first one hundred and fifty months (150) of the contract and there after six dollars and fifty cents (\$6.50) for the remainder of the sixteen year (16 yr) contract.

7. On 4th March, 2010, Government signed an agreement with Ocean Conversion (BVI) Ltd to supply water from the Bar Bay plant to the eastern end of Tortola for seventeen cents (\$0.17) an imperial gallon for seven years (7 yrs) with an option for renewal for another seven years (7 yrs). Ocean Conversion (BVI) Ltd will also enter into negotiation with the Government of the Virgin Islands to use the water plant at Baugher's Bay for a year.

8. With these arrangements we are assured of a water supply and a greatly improved sewerage system in the near future.

9. A contract will soon be signed with Caribbean Basin Enterprises (BVI) Engineering Associates Ltd to supervise, oversee and perform work on the sewerage scheme in Road Town and East End/Long Look areas. This work includes a system wide inspection and flow monitor, replacement/repair of lift station and repair/replacement of collection system in the Road Town area. In the East End/Long Look area the following works will include installation of Parham Town gravity lines, construction of trunk lines from Parham Town, East End to Greenland pump station, construction of Greenland pump station and installation of the main interceptor from Greenland pump station to Paraquita Bay.

BUDGET SPEECH 2010 Creating a Legacy of Sustainability

10. Mr. Speaker the agreement with Bi-Water and other pending works on the sewerage collection and transmission network are all part of this governments plan to treat this problem. In addition, the population density of our most populated community, East End, has outgrown the time honoured system of septic tanks, and hence this community must be serviced by a comprehensive sewerage network as well.

11. During 2009, it was possible to complete surfacing several miles of road in Anegada, completion of the Valley/Nail Bay road on Virgin Gorda and also roads in Jost Van Dyke. Work is progressing swiftly in laying water pipes from the Settlement to Loblolly Bay, Mr. Levons restaurant and also to Flash of Beauty Restaurant (Mr. Egbert Wheatley's Restaurant).

12. Several land titles were distributed in Anegada already for 2010 and we intend to continue to do this. In Virgin Gorda Sound and Valley, house plots will be distributed and the BVI Ports Authority is working on improvements to the dock at St. Thomas Bay. It is expected that the Virgin Gorda Airport will soon be re-opened. The BVI Ports Authority is making plans to commence work soon on the Terminal Building at West End. The House of Assembly has unanimously passed the motion to acquire the land needed for the purpose and the declaration should have been published in the Gazette.

13. The budget that is before you anticipates that we will embark on these projects as high priority areas in 2010. Our people can also expect improvements to the power utility infrastructure, geared singularly at increasing reliability and capacity in order to meet the energy needs of this ever growing micro-economy.

14. Mr. Speaker, we will continue to forge ahead to complete the Greenhouse project in the coming months. It still remains as a vital measure to reduce our vulnerability to external shocks in the food market and thus protect and maintain the quality of life our people deserve.

BUDGET SPEECH 2010 Creating a Legacy of Sustainability

15. Education continues to be a very significant part of our efforts, and as the budget document now before you reflects, we are especially mindful and focused on providing through education and youth programmes, the backbone and foundation to bring our “great little nation” ever forward.

16. Finally, Mr. Speaker in our Tourism and Financial Services sectors, today and in the coming months ahead, it will be anything but business as usual.

17. In our tourism sector we must continue to enhance our product, and while maintaining or even improving our position in our primary markets, cast our eyes farther afield and introduce ourselves to new clients. These efforts have gone as far as Asia, and in addition various activities such as our excellence in the Culinary Arts, the BVI Music Fest, the new Kite Jam and the BVI Spring Regatta, to name a few, illustrate that a visit to these emerald jewels are more than just a quiet day at the beach or on the water experiencing the grandeur and soothing calm of our pristine environment. A visit to the Virgin Islands can be an experience that is exciting and competitive as well.

18. This remains the case as well Mr. Speaker, in regards to the Financial Services sector, where a mixture of innovative and relevant legislation in addition to regulators and practitioners who are committed to remaining at the forefront of the industry, will in concert serve to keep the Virgin Islands at the cutting edge of this business. It would not have escaped your eyes Mr. Speaker that several bills have been brought before this house in the past few months, namely the Securities and Investment Business Act, Finance and Money Services Act, 2009, along with required regulations such as the Regulatory Code, 2009, all aimed at strengthening our regulatory regime and promoting our status as a jurisdiction of choice for doing legitimate business.

19. We are also fully committed to ensuring that our signed Tax Information Exchange Agreements with our OECD partners are implemented effectively, through the efficient operation of the administration system that supports them.

20. Mr. Speaker in the interest of brevity I will not go into the intricacies of the wide range of initiatives that this government has proposed in this budget. However the Members of Cabinet will at the appropriate time bring and explain these initiatives to the people of these islands and in the interim they can be examined by perusing the proposed budget document now before you. I must say however, that I am heartened by their energy and commitment to doing what is best for the people of these islands, and would like to convey my deepest appreciation and gratitude to them for a job well done in the past year.

Acknowledgements

1. I would like to close Mr. Speaker, with my expression of sincere thanks to those who have made this budget possible, through all the ranks of the public sector, including the statutory boards, the hardworking citizens of this Territory who have appointed us as custodians for the leadership of this Territory, and the various NGOs who through their various efforts contribute to the well being of the people of this Territory.

2. I thus present this budget before you Mr. Speaker for consideration and debate.

Thank you Mr. Speaker.

Appendices

Appendix I

**PROFORMA FORECAST CASH FLOW STATEMENT FOR THE YEAR ENDING 31
DECEMBER 2010**

	Note	2010 Budget \$000	2009 Est. Actual \$000
OPERATING CASH FLOWS			
<i>Operating Receipts</i>			
Coercive Revenue	1	253,841	272,730
Trading Revenue	2	16,905	17,961
Investment Revenue	3	390	940
Other Revenue	4	530	690
<i>Total Operating Receipts</i>		<i>271,666</i>	<i>292,321</i>
<i>Operating Payments</i>			
Personnel Costs	5	(125,222)	(114,967)
General Operating Costs	6	(63,748)	(71,730)
Grants to Statutory Boards	7	(42,978)	(44,049)
Transfers	8	(9,409)	(9,230)
Financing Costs	9	(7,592)	(7,860)
Grants to Non-Government Organisations	10	(1,568)	(1,937)
<i>Total Operating Payments</i>		<i>(250,517)</i>	<i>(249,773)</i>
Net Cash Operating Surplus (Deficit)		21,149	42,548
INVESTING (ASSET) CASH FLOWS			
<i>Asset-Related Inflows</i>			
Sales of Physical Assets	11	200	800
Loans-Made Repaid	12	0	600
<i>Total Asset-Related Inflows</i>		<i>200</i>	<i>1,400</i>

BUDGET SPEECH 2010

Creating a Legacy of Sustainability

Asset-Related Outflows

Purchase of Physical Assets	13	(24,710)	(63,893)
Capital Contributions to Statutory Boards	14	(0)	(30,162)
CDB Equity Contributions		(166)	(361)
Loans-Made	15	(220)	(600)
Total Asset-Related Outflows		(25,096)	(95,016)
Net Cash Investing (Asset) Flows		(24,896)	(93,616)

FINANCING (BORROWING) CASH FLOWS

Inflows

New Borrowing (Public Debt)		0	30,000
-----------------------------	--	---	--------

Outflows

Repayment of Borrowing (Public Debt - Principal)		(7,809)	(5,220)
Net Cash Financing (Borrowing) Flows		(7,809)	24,780

MOVEMENT IN CASH POSITION

Operating Surplus (Deficit)		21,149	40,523
Net Investing (Asset) Cash Flows		(24,896)	(93,615)
Net Financing (Borrowing) Cash Flows		(7,809)	24,780
Net Movement Between Funds	16	0	0
Net Movement in Cash		(11,556)	(28,312)
Plus Opening Bank Balance		61,428	89,740
Plus Net Movement in "Current Accounts"		0	0
Plus Net Movement in "Deposits"		0	0
Plus Net Movement in "Other Advances"		0	0
CLOSING BANK BALANCE	17	49,872	61,428

Notes to the Forecast Cash Flow Statement	2010 Budget	2009 Est. Actual
	\$000	\$000
<hr/>		
Note 1: Coercive Revenue		
<i>Levies</i>		
Financial Service Levies	155,000	170,000
<i>Taxes</i>		
Payroll Tax	35,000	35,000
Hotel Accommodation Tax	2,750	4,500
Passenger Tax (Air)	1,500	0
Property Tax	2,100	2,200
Passenger Tax (Sea)	1,000	1,500
Cruising Permits Tax	2,100	1,500
Corporate Income Tax	200	900
Personal Income Tax	300	1,200
House Tax	250	100
Land Tax	145	80
Motor Vehicle Rental Surcharge	160	160
Other Taxes	1,400	60
<i>Import Duties</i>		
Import Duties - Non-Alcoholic	30,100	32,500
Import Duties - Alcoholic	3,000	1,200
Commercial Licenses	625	800
<i>Licenses</i>		
Work Permits	6,500	5,000
Drivers & Vehicle Licenses	1,600	1,700

BUDGET SPEECH 2010 **Creating a Legacy of Sustainability**

Trade Licenses	800	500
Registration of Ships & Captains	450	600
Vessel/Captain Licenses	45	50
Non-Belonger Land Holding Licenses	250	350
Fishing Licenses	185	160
Miscellaneous (Other) License Receipts	125	90
Liquor and Still Licenses	106	80
<i>Stamp Duty</i>	6,500	10,000
<i>Royalties</i>		
Telecom Royalties	1,000	1,600
Coin Royalties	50	25
<i>Fines</i>		
Judiciary Fines	400	600
Other Fines	200	275
<i>Total Coercive Revenue</i>	<i>253,841</i>	<i>272,730</i>

Notes to the Forecast Cash Flow Statement (continued)	2010 Budget	2009 Est. Actual
	\$000	\$000
<hr/>		
Note 2: Trading Revenue		
<i>Fees</i>		
Water and Sewerage Fees	6,000	6,500
Nationality Fees	925	800
Miscellaneous (Other) Fees	1,500	1,000
Customs & Immigration Services	600	600
Mooring & Berthing Fees	290	200
Development Control Authority Fees	130	250
Registration Fees	42	50
Reprographic Fees	24	22
Abattoir Fees	20	25
Audit Fees	5	1
Ship Survey Fees	45	100
Seafarer Documentation Fees	20	30
<i>Sales</i>		
Sale of Postage Stamps	4,000	4,500
Sale of Seafood	1,500	1,525
Sale of Forms & Publications	350	425
Miscellaneous (Other) Postal Receipts	350	400
Miscellaneous (Other) Sales Receipts	225	325
Sale of Produce and Livestock	120	120
Sale of Text Books	62	2
Philatelic Receipts	50	50

BUDGET SPEECH 2010 Creating a Legacy of Sustainability

Sale of Entry Document Cards	35	45
Sale of Sand	25	35
<i>Rentals</i>		
Public Land Rental	160	200
Letter Box Rental	155	155
Houses and Building Rental	70	300
Vehicle and Plant Rental	2	1
<i>Total Trading Revenue</i>	<i>16,905</i>	<i>17,961</i>

Note 3: Investment Revenue

Interest on Bank Balances & Deposits	350	900
Interest on Loans to Staff	40	40
<i>Total Investment Revenue</i>	<i>390</i>	<i>940</i>

Note 4: Other Revenue

Sundry Receipts	500	600
Services to Statutory Corporations	30	90
Development Aid	-	-
<i>Total Other Revenue</i>	<i>530</i>	<i>690</i>

Notes to the Forecast Cash Flow Statement (continued)	2010 Budget	2009 Est. Actual
	\$000	\$000
Note 5: Personnel Costs		
Salaries and Allowances (Personnel Emoluments)	81,134	78,873
Wages, Supernumerary and Temporary Staff (Other Personnel Emoluments)	25,487	17,730
Pensions & Gratuities Provided by Law (Civil, Police, Legislative)	9,515	8,961
Benefits (Social Security, Health Insurance and Payroll Tax)	7,576	7,752
Other Gratuities	1,130	1,251
Payroll Adjustments (Head 880)	380	400
Net Salary Advances	-	-
<i>Total Personnel Costs</i>	<i>125,222</i>	<i>114,967</i>
Note 6: General Operating Costs		
General Ministry Operating Expenses	38,934	46,421
Repairs, Maintenance and Minor Equipment	7,167	7,170
Utilities	5,377	5,435
Rental Expenses	5,137	5,214
Travel Expenses	2,641	2,963
Contributions to Overseas Organizations	1,673	2,352
Expenses of Boards and Committees	365	430
Other Operating Costs	2,454	1,745
<i>Total General Operating Costs</i>	<i>63,748</i>	<i>71,730</i>

BUDGET SPEECH 2010 Creating a Legacy of Sustainability

Note 7: Grants to Statutory Boards

BVI Health Services Authority	17,100	16,800
Tourist Board	9,711	10,240
H. Lavity Stoutt Community College	11,068	11,000
BVI Airports Authority Ltd	3,325	3,500
Telecommunications Regulatory Commission	100	750
Recreation Trust	480	505
National Parks Trust	428	450
Financial Investigation Agency	700	736
Other	66	68
<i>Total Grants to Statutory Boards</i>	<i>42,978</i>	<i>44,049</i>

Note 8: Transfers

Scholarships Abroad	3,700	4,000
Assistance Grants	3,831	3,276
Special Projects	820	850
Further Education Programmes	480	530
Graduate Scholarship Programmes	271	300
Legal Aid	190	107
Special Needs Programme	117	122
Other	0	45
<i>Total Transfers</i>	<i>9,409</i>	<i>9,230</i>

Note 9: Financing Costs

Interest on public debt	7,579	7,838
Commission on debt raising	13	22
<i>Total Financing Costs</i>	<i>7,592</i>	<i>7,860</i>

BUDGET SPEECH 2010 Creating a Legacy of Sustainability

Note 10: Grants to Non-Governmental Organisations

Festival Committees	600	830
Aviation Control (ASSI)	644	644
Independent Medical Providers	285	300
BVI Diabetes Association	0	35
HIV Aids Foundation Ltd	0	32
BVI Red Cross	0	30
Home Care Basics	0	20
Beautification Committees	19	14
Emergency Medical Transportation	5	5
Council for Alcohol and Drug Abuse (CADA)	0	6
VISAR	5	5
Craft Alive	5	5
Nursing Council	5	5
BVI Nurses Association	0	5
Keep the BVI Beautiful	0	1
<i>Total Grants to Non-Governmental Organisations</i>	<i>1,568</i>	<i>1,937</i>

Note 11: Sales of Physical Assets

Sale of Land	200	84
<i>Total Sales of Physical Assets</i>	<i>200</i>	<i>84</i>

Note 12: Loans-Made Repaid

Loans to Staff: Car Loans	220	250
Loans to Staff: Other Advances		
<i>Total Loans-Made Repaid</i>	<i>220</i>	<i>250</i>

Note 13: Purchase of Physical Assets

Roads & Bridges	2,320	3,000
Buildings	2,600	6,655
Land	0	1,150
Other Infrastructural Assets	7,105	3,477
Specialist Plant & Equipment	0	1,489
Water & Sewerage Systems	5,000	10,000
Computer Hardware, Software and Databases	0	1,363
Vehicles	0	58
Harbours, Docks & Jetties	700	0
Furniture & Fittings	0	150
Historical & Other Heritage Assets	0	100
Office Equipment	6,561	0
Land Development	424	2,430
Boats	0	0
<i>Total Purchase of Physical Assets</i>	<i>24,710</i>	<i>29,872</i>

Note 14: Equity Contributions to Statutory Boards

BVI Health Services Authority	0	20,000
BVI Airports Authority Ltd	0	0
HL Stout Community College	0	0
Development Bank of the Virgin Islands	0	0
BVI Electricity Corporation	0	6,000
National Parks Trust	0	0
<i>Total Capital Contributions to Statutory Boards</i>	<i>0</i>	<i>26,000</i>

Note 15: Loans-Made

Loans to Staff: Car Loans	700	750
Loans to Staff: Other Advances	0	0
<i>Total Loans-Made</i>	<i>700</i>	<i>750</i>

Note 16: Net Movement Between Funds***Transfers Out***

From Consolidated Fund (Contribution to Funds)	(21,149)	(22,648)
From Development Fund	(0)	(0)
<i>Total Transfers Out</i>	<i>(21,149)</i>	<i>(22,648)</i>

Transfers In

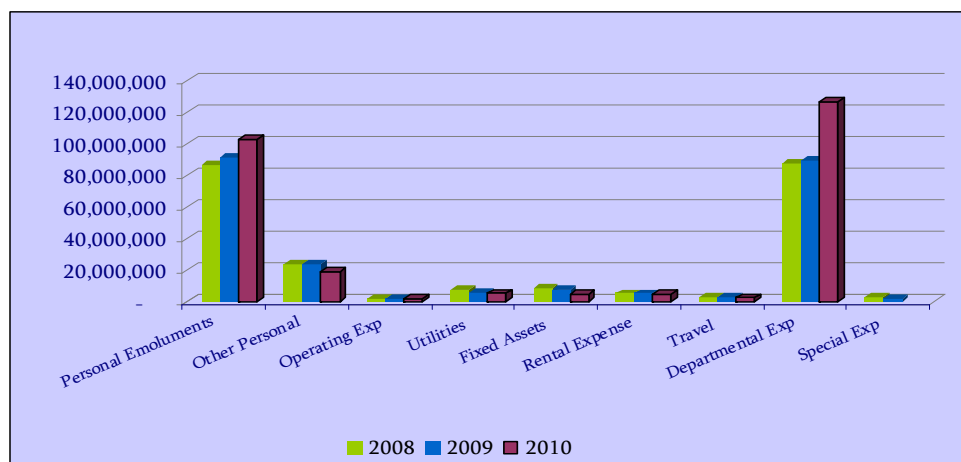
Development Fund	18,149	22,648
Pension Fund	2,000	0
Reserve Fund	300	0
Emergency/Disaster Fund	300	0
Contingency Fund	300	0
Repairs and Renewal Fund	100	0
Car Loan Revolving Fund	0	0
<i>Total Transfers In</i>	<i>21,149</i>	<i>22,648</i>

Net Movement in Funds	0	0
------------------------------	----------	----------

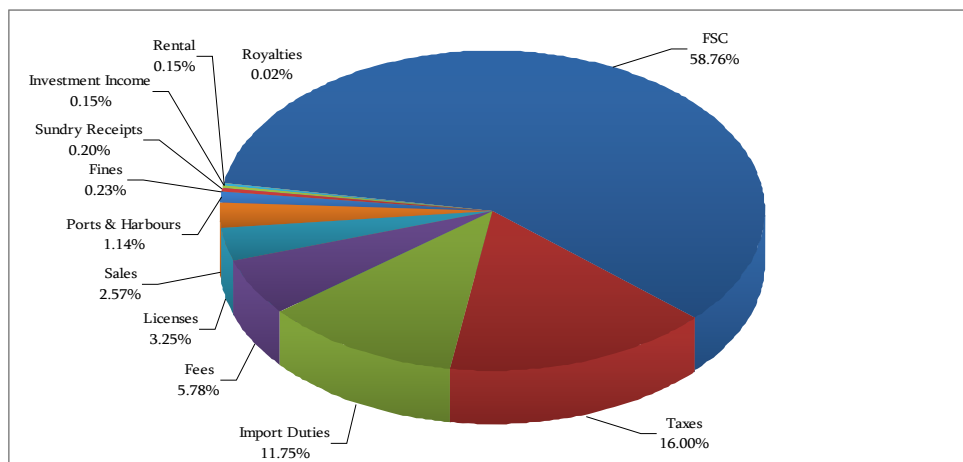
Note 17: Cash and Bank Balances

Operating Bank Accounts & Deposits*	49,872	61,428
Development Fund Bank Accounts & Deposits	0	0
Emergency/Disaster Fund Bank Accounts & Deposits	0	0
Reserve Fund Bank Accounts & Deposits	0	0
<i>Total Cash and Bank Balances</i>	<i>49,872</i>	<i>61,428</i>

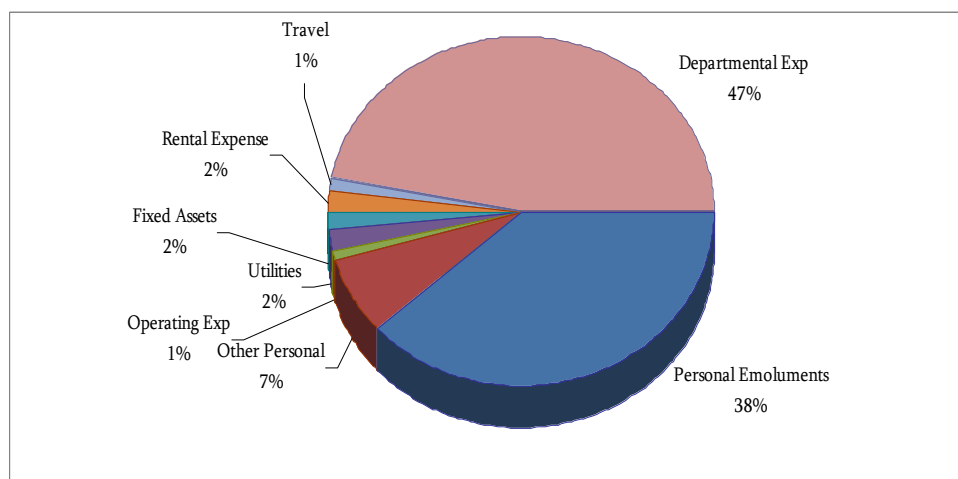
Increasing Expenditure



2010 Revenue Composition



2010 Recurrent Expenditure Composition



Financial Secretary

Neil M. Smith

28

Budget Unit

Diane Parsons

Delroy Jennings

Trecia Thomas-Maduro

C. Jovita Mercer-Scatliffe

Daphne Frett

Rhonda Glasgow

Jeremy Vanterpool

Nardia Thomas

Accounts Unit

Maria Smith-Thomas

Myra Maynard

Tristan Mills

Jahmal Rabsatt

Policy

Jenifer O'Neal

Jeremiah Frett

Administration Unit

Darlene Forbes

Colette Callwood

Althea Richardson-Crandall

Kareem Thomas

Dotsie Penn-Tolbert

Tashia Turnbull

Veronica Singh

Joey Thomas

Procurement Unit

Ishma Hodge-Rhymer

Diana Percell-Gumbs

Vinnice Harrigan

Beneida Blyden

Project Support Services Unit

Shaina Smith

Kevi Potter

Barbara Pickering-St. Rose

Debra Maddox

Duane Fraites

Lilian George

Carline Prentice

Human Resources Unit

Jeremy Hodge

Leann Hill

Craig Creque

April Glasgow

Collene Hazel